

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Lakefield Township	County Saginaw
Audit Date March 31, 2004	Opinion Date August 6, 2004	Date Accountant Report Submitted to State: September 21, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo, P.C.			
Street Address 3023 Davenport	City Saginaw	State Michigan	ZIP 48602
Accountant Signature 			

LAKEFIELD TOWNSHIP
Saginaw County, Michigan
Annual Financial Statements
and
Auditors' Report
March 31, 2004

TOWNSHIP OFFICIALS

SUPERVISOR

CLERK

TREASURER

TRUSTEE

TRUSTEE

TERRY CREVIA

BARBARA REIST

MARY LOU FISCHER

CHARLES SHEBESTER

MARY SHERMAN

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Independent Auditors' Report

To the Members of the Township Board
Lakefield Township
Saginaw County, Michigan

We have audited the accompanying general purpose financial statements of Lakefield Township as of March 31, 2004, and for the year then ended. These general purpose financial statements are the responsibility of Lakefield Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lakefield Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund financial statements and schedule listed in the table of contents as supplemental financial information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Lakefield Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Yeo & Yeo, P.C.

Saginaw, Michigan

August 6, 2004

Lakefield Township
Combined Balance Sheet - All Fund Types and Account Group
March 31, 2004

	Governmental Fund Type	Account Group	Totals (Memorandum Only)
	General Fund	General Fixed Assets	
Assets			
Cash	\$ 296,186	\$ -	\$ 296,186
Certificates of deposit	235,841	-	235,841
Taxes receivable	11,727	-	11,727
Due from other governmental units	16,572	-	16,572
Fixed assets	-	97,759	97,759
Total assets	<u>\$ 560,326</u>	<u>\$ 97,759</u>	<u>\$ 658,085</u>
Liabilities and Fund Balance			
Liabilities			
Due to other governmental units	\$ 3,831	\$ -	\$ 3,831
Accounts payable and accrued liabilities	31,911	-	31,911
Total liabilities	<u>35,742</u>	<u>-</u>	<u>35,742</u>
Fund balance			
Investment in general fixed assets	-	97,759	97,759
Designated - cemetery care	56,777	-	56,777
Reserved - trash collection	40,090	-	40,090
Unreserved fund balance	427,717	-	427,717
Total fund balance	<u>524,584</u>	<u>97,759</u>	<u>622,343</u>
Total liabilities and fund balance	<u>\$ 560,326</u>	<u>\$ 97,759</u>	<u>\$ 658,085</u>

See accompanying notes to financial statements

Lakefield Township
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues			
Taxes	\$ 139,905	\$ 125,428	\$ (14,477)
State grants	70,000	89,730	19,730
Other revenues	51,780	53,393	1,613
Total revenues	261,685	268,551	6,866
Expenditures			
General government	67,335	60,916	(6,419)
Public safety	63,545	59,212	(4,333)
Highways and streets	49,480	81,009	31,529
Trash collection	39,210	36,749	(2,461)
Library District	7,091	5,787	(1,304)
Other expenses	1,262	1,262	-
Total expenditures	227,923	244,935	17,012
Excess (deficiency) of revenues over expenditures	33,762	23,616	(10,146)
Fund balance, beginning of year	500,968	500,968	-
Fund balance, end of year	<u>\$ 534,730</u>	<u>\$ 524,584</u>	<u>\$ (10,146)</u>

See accompanying notes to financial statements

Lakefield Township
Notes to Combined Financial Statements
March 31, 2004

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Lakefield Township became a Township in 1875 and is located in Saginaw County. The Township is operated under a Township Board consisting of 5 members. The Township provides various services to approximately 960 residents.

The accounting policies of Lakefield Township conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of more significant policies:

(a) **THE REPORTING ENTITY**

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Township is the primary government which has oversight responsibility and control over all activities. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township (the primary government) and does not include any other component within its general purpose financial statements.

(b) **FUND ACCOUNTING**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues, and expenditures.

The General Fund is the general operating fund of the Township.

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund operations. The fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group is established to account for all long-term indebtedness of the Township. The Township has no long-term debt as of March 31, 2004.

(c) **BASIS OF ACCOUNTING**

The General Fund is accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

Lakefield Township
Notes to Combined Financial Statements
March 31, 2004

Property taxes are assessed as of December 31 and the related taxes become a lien on July 1 of the following year. These taxes are due on or before February 14 after which they are added to the County tax rolls.

(d) BUDGETS AND BUDGETARY ACCOUNTING

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Township's Supervisor submits to the Township Board a proposed budget March 31 of each year. The budget includes proposed expenditures and means of financing them.
2. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
3. Budgeted amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations which were amended.

(e) TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(f) FUTURE CHANGES IN ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 34, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*. This new reporting standard will impact the Township's revenue and expenditure recognition; and assets, liabilities and fund equity reporting. The new standard will also require reformatting of the financial statements and restating beginning balances. The Township is required to implement the new reporting model for the fiscal year ending March 31, 2005. Due to the significance of the changes required, it is not possible to present pro-forma data prior to implementation.

NOTE 2 - PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Township are purchased by the County of Saginaw. The County sold tax notes, the proceeds of which were used to pay the Township for these property taxes which takes place in June. These taxes have been recorded as revenue for the current year.

Lakefield Township
Notes to Combined Financial Statements
March 31, 2004

NOTE 3 - CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Lakefield Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Cash and investments consists of the following as of March 31, 2004.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash		
Checking accounts	\$ 228,925	\$ 226,290
Repurchase account (sweep)	67,261	150,221
Investments		
Certificates of deposit	<u>235,841</u>	<u>235,841</u>
	<u>\$ 532,027</u>	<u>\$ 612,352</u>

The checking account and certificates of deposit bank balances total \$612,352, of which \$328,420 is insured and \$133,911 is uninsured and uncollateralized. The repurchase account of \$150,201 is held by a bank in the Township's name.

NOTE 4 - FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
Land	\$ 12,881	\$ -	\$ -	\$ 12,881
Land Improvements	5,900	-	-	5,900
Buildings	57,675	-	-	57,675
Equipment	<u>21,303</u>	<u>-</u>	<u>-</u>	<u>21,303</u>
	<u>\$ 97,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,759</u>

NOTE 5 - RETIREMENT SYSTEM

Lakefield Township contributes to the Lakefield Township Group Pension Plan which is a defined contribution plan.

Lakefield Township
Notes to Combined Financial Statements
March 31, 2004

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions and forfeitures of other participants' benefits that may be allocated to such participant's account.

Contributions made by an employee and Township vest immediately. An employee who leaves employment of the Township is entitled to contributions made plus any interest earned. Certain employees of the Township are eligible to participate. The Township is required to contribute 20% of an employee's base salary. The Township's current year covered payroll and its total current year payroll for all employees amounted to \$28,549 and \$38,128, respectively. During the year the Township's required and actual contributions amounted to \$5,632. Employees made no contributions to the Plan.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

The Plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

NOTE 6 - RELATED PARTY

Lakefield Township has an intergovernmental service agreement with the Jonesfield - Lakefield Fire District. The Township levies and collects property taxes on behalf of the Fire District. Those are included in the revenues and expenditures of the Township. On July 26, 2001, Jonesfield Township borrowed \$225,000 to purchase a fire truck for the District. A portion of the fire district property tax levy will be used to make payments on the note. The balance of the note as of March 31, 2004 is \$195,000.

NOTE 7 - RISK MANAGEMENT

Lakefield Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

P.A. 621 of 1978, Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

The approved budgets of the Township were adopted at the functional level. During the year ended March 31, 2004 the Township incurred expenditures in certain budgetary functions which were materially in excess of the amount appropriated as follows:

	<u>Activity</u> <u>Appropriation</u>		<u>Amount of</u> <u>Expenditures</u>		<u>Budget</u> <u>Variance</u>
General Fund					
Highways and Streets	\$ 49,480		\$ 81,009		\$ 31,529

The average is a result of \$15,392 for drains at large which are being paid by the 2004-05 budget and \$16,137 for road maintenance.

Lakefield Township
General Fund
Statement of Revenues Compared to Budget
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Taxes			
Operations	\$ 28,079	\$ 19,305	\$ (8,774)
Fire board levy	54,755	51,243	(3,512)
Library board levy	7,091	5,787	(1,304)
Bridge millage	42,980	39,920	(3,060)
	<u>132,905</u>	<u>116,255</u>	<u>(16,650)</u>
Administrative fee	<u>7,000</u>	<u>9,173</u>	<u>2,173</u>
	<u>139,905</u>	<u>125,428</u>	<u>(14,477)</u>
State Grants			
State shared revenue	<u>70,000</u>	<u>89,730</u>	<u>19,730</u>
Other revenues			
Refuse	41,710	35,931	(5,779)
Hall rent	1,200	1,530	330
Building permits	5,500	5,231	(269)
Sale of cemetery lots	800	300	(500)
Interest	2,500	5,368	2,868
Miscellaneous	70	5,033	4,963
	<u>51,780</u>	<u>53,393</u>	<u>1,613</u>
Total revenues	<u><u>\$ 261,685</u></u>	<u><u>\$ 268,551</u></u>	<u><u>\$ 6,866</u></u>

Lakefield Township
General Fund
Statement of Expenditures Compared to Budget
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
General government			
Trustee			
Salary	\$ 2,250	\$ 2,100	\$ (150)
Miscellaneous	500	337	(163)
Supervisor			
Salary	5,804	6,298	494
Miscellaneous	200	83	(117)
Election			
Salary	295	-	(295)
Miscellaneous	10	-	(10)
Assessor			
Salary	5,000	5,417	417
Legal fees	1,000	168	(832)
Clerk			
Salary	5,973	6,482	509
Advertising	300	220	(80)
Miscellaneous	250	75	(175)
Board of review			
Salary	1,050	1,050	-
Miscellaneous	46	58	12
Treasurer			
Salary	8,932	8,949	17
Miscellaneous	600	437	(163)
Janitor services			
Salary	2,500	2,640	140
Supplies	150	223	73
Snow removal	200	200	-
Electric	650	699	49
Telephone	425	418	(7)
Propane	1,000	1,551	551
Building repairs	2,000	-	(2,000)
Equipment maintenance	300	399	99
Cemetery	9,000	6,844	(2,156)
Deputy clerk and treasurer salary	400	400	-
Insurance and bonds	11,000	10,469	(531)
Office supplies	900	864	(36)
Social security and Medicare	1,400	1,180	(220)
Miscellaneous	<u>5,200</u>	<u>3,355</u>	<u>(1,845)</u>
Total general government	<u>67,335</u>	<u>60,916</u>	<u>(6,419)</u>

Lakefield Township
General Fund
Statement of Expenditures Compared to Budget
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public Safety			
Building inspector salary	\$ 5,200	\$ 4,040	\$ (1,160)
Building inspector supplies	500	668	168
Zoning board salaries	1,240	1,300	60
Zoning board administration	1,500	1,600	100
Zoning board miscellaneous	200	225	25
Fire board expenses	150	136	(14)
Fire District millage	<u>54,755</u>	<u>51,243</u>	<u>(3,512)</u>
Total public safety	<u>63,545</u>	<u>59,212</u>	<u>(4,333)</u>
Highways and streets			
Road and bridge maintenance	48,980	65,117	16,137
Drains at large	<u>500</u>	<u>15,892</u>	<u>15,392</u>
Total highway and streets	<u>49,480</u>	<u>81,009</u>	<u>31,529</u>
Refuse			
Trash collection	<u>39,210</u>	<u>36,749</u>	<u>(2,461)</u>
Library District	<u>7,091</u>	<u>5,787</u>	<u>(1,304)</u>
Other expenses			
Parks	1,000	1,000	-
Area health centers	<u>262</u>	<u>262</u>	<u>-</u>
	<u>1,262</u>	<u>1,262</u>	<u>-</u>
Total expenditures	<u><u>\$ 227,923</u></u>	<u><u>\$ 244,935</u></u>	<u><u>\$ 17,012</u></u>

Lakefield Township

Property Tax Data - 2003

	Assessed Taxes and Fees	Returned Uncollected	Collected
	<u> </u>	<u> </u>	<u> </u>
Saginaw County	\$ 162,801	\$ 10,443	\$ 152,358
Saginaw Special Education	44,762	2,635	42,127
Delta College	54,500	3,208	51,292
Merrill Schools	212,638	16,019	196,619
Lakefield Township	123,807	7,535	116,272
Lakefield Township refuse	<u>39,670</u>	<u>3,739</u>	<u>35,931</u>
	<u>\$ 638,178</u>	<u>\$ 43,579</u>	<u>\$ 594,599</u>
Disbursements			
Saginaw County			\$ 188,289
Saginaw Intermediate School District			42,127
Delta College			51,292
Merrill Schools			196,619
Lakefield Township			<u>116,272</u>
Total taxes disbursed			<u>\$ 594,599</u>



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August 6, 2004

To the Township Officials
Lakefield Township

We have audited the financial statements of Lakefield Township for the year ended March 31, 2004, and have issued our report thereon dated August 6, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 9, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Lakefield Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Lakefield Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2004. We noted no transactions entered into by Lakefield Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Audit Adjustments

We converted the township's financial information from the cash basis to the modified accrual basis. We also discussed adjustments in our management letter under general ledger.

Disagreements with Management

We are pleased to report that no such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of Township officials and management of Lakefield Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Yeo & Yeo, P.C.
Saginaw, Michigan



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August 6, 2004

To the Members of the Township Board
Lakefield Township
Saginaw County, Michigan

In planning and performing our audit of the financial statements of Lakefield Township for the year ended March 31, 2004, we considered the Township's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 6, 2004, on the financial statements of the Township.

General Ledger

We believe that, at the present, the Township does not maintain an adequate set of financial records. The general ledger is manual and not balanced on a monthly basis. Once again, the ledger did not balance and we had to search the ledger for items that were not posted, incorrectly added, or posted twice. We were able to narrow the difference to \$3,794, without reconstructing the activity for the year.

The system as it is being used does not provide a check and balance to ascertain that all transactions have been recorded and the account totals have been properly calculated.

At a minimum, we recommend that the general ledger be balanced (debits equal credits) through September 30, 2004 and the Treasurer, or designee run an adding machine tape and balance the general ledger at the end of each month. This procedure, along with the bank reconciliation, assists in verifying that all cash transactions have been recorded and that account balances have been added properly.

A better solution is to purchase general ledger software that will provide for a double-entry accounting system. QuickBooks will work for this providing the accounts of the township are set up properly and adequate training takes place.

August 6, 2004

To the Members of the Township Board
Lakefield Township
Saginaw County, Michigan

New Reporting Model

The Government Accounting Standards Board has issued GASB 34 "Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments." The pronouncement will have a significant impact on external reporting. Changes to the audited financial statements will include the following:

- Management's discussion and analysis, including a narrative introduction and analytical overview of the financial information;
- Presentation of the final amended budget, along with the original budget; and
- Recognition of all fixed assets, with an initial value per item, including infrastructure. All fixed assets will be recorded at historical value and depreciated over the assets useful life.

It will be effective for the fiscal year ending March 31, 2005. Therefore, it will effect your audited financial statements for the year ending March 31, 2006.

We recommend that the Township ascertain that a complete list of capital assets is available for the next audit. Although the Management's Discussion and Analysis (MD&A) is required by governmental generally accepted accounting principles (GAAP), it is not required by the State of Michigan. We recommend that the Township Board determine if it wants the MD&A included in its next audited financial statements. If it does, it needs to determine who will prepare it. As auditors, we may assist you but are unable to write it. There are several examples on the internet at www.michigan.gov/treasury, select local government then local unit audit reports.

This report is intended solely for the use of management and should not be used for any other purpose.

We appreciate the opportunity to provide services to the Township. Should you have any questions on the above, please feel free to contact us.

Very truly yours,

YEO & YEO, P.C.
CPAs and Business Consultants



Mari McKenzie